

HOUSE BILL NO. 85

INTRODUCED BY C. KAUFMANN

BY REQUEST OF THE DEPARTMENT OF REVENUE

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING CERTAIN REQUIREMENTS FOR REPORTING BY THE DEPARTMENT OF REVENUE TO THE REVENUE AND TRANSPORTATION INTERIM COMMITTEE AND THE LEGISLATURE; AMENDING SECTIONS 15-6-218 AND 15-30-1114, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-6-218, MCA, is amended to read:

"15-6-218. Intangible personal property exemption. (1) ~~Except as provided in subsection (3),~~ ~~intangible~~ Intangible personal property is exempt from taxation.

(2) For the purposes of this section, "intangible personal property" means personal property that is not tangible personal property and that:

(a) has no intrinsic value but is the representative or evidence of value, including but not limited to certificates of stock, bonds, promissary notes, licenses, copyrights, patents, trademarks, contracts, software, and franchises; or

(b) lacks physical existence, including but not limited to goodwill.

(3) ~~The exemption for intangible personal property that is centrally assessed, other than property under 15-23-101(4) and (5), must be phased in over 3 years beginning in tax year 2000. Ten percent of the intangible personal property is exempt for tax year 2000, and two-thirds of the intangible personal property is exempt for tax year 2001. Centrally assessed intangible personal property is fully exempt from taxation in tax year 2002 and thereafter.~~

~~(4) The department shall adopt administrative rules prior to valuation determinations for tax year 2000 that specify the valuation methodology for centrally assessed intangible personal property. To the extent that the unit value of centrally assessed property includes intangible personal property, that value must be removed from the unit value according to the provisions in subsection (3).~~

~~(5) The department shall report intangible personal property annually to the revenue and transportation~~

1 ~~interim committee of the Montana legislature and to the Montana legislature meeting in the year 2001."~~

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3 **Section 2.** Section 15-30-1114, MCA, is amended to read:

4 **"15-30-1114. Review of pass-through entity taxation by department.** ~~(4)~~ The department shall
5 review, with the assistance of interested parties, the reporting and taxation of income that is flowing through
6 pass-through entities and the method of reporting and taxation of this income in states other than Montana and
7 shall consider recommendations concerning the methodology that Montana should use to ensure fair and
8 equitable taxation of income that flows through pass-through entities to other entities.

9 ~~(2) The department shall report to the revenue and transportation interim committee at least once each~~
10 ~~year on the findings and recommendations of the review conducted under subsection (1)."~~

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12 NEW SECTION. **Section 3. Effective date.** [This act] is effective on passage and approval.

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